

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Industries and Commerce Department – Extension of certain incentives under Industrial Development Policy 2015-2020 and Automobile and Automobile Components Policy 2015-20 under Mega Project Status to M/s Bharat Forge Limited automotive cluster with an investment of Rs. 1,400 crore with a potential to create employment to 3,645 people directly in two phases – Orders – Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G. O. Ms. No.154

Date.07-11-2017

Read the following:-

1. G. O. Ms. No. 118 Industries & Commerce (Policy & Investment) dated 26.08.2016.
2. Lr.No.BFL/GOAP/Nellore/001, Dt. 30-5-2017 and email dated 30-5-2017 of President, Strategic Business, M/s. Bharat Forge Limited, Pune.
3. SIPC Meeting on 09.06.2017.
4. SIPB Meeting on 13.06.2017.
5. SIPB Meeting on 17-10-2017.

ORDER

In the reference 1st read above, Government after careful examination of the recommendations of the State Investment Promotion Board, extended certain incentives to M/s. Bharat Forge Limited (BFL) flagship company of Kalyani Group for setting up an automotive Industrial Park which broadly focuses on 3 areas; Manufacturing Aluminium die casting products, forgings and machining at Mambattu Village, Nellore District with an investment of around Rs 1400 Crore in two phases in Mambattu Village, Nellore District.

(2) In the reference 2nd read above, M/s.Bharat Forge Limited again represented informing that they proposes to invest Rs. 1,400 Crore with a potential to create employment to 3,645 people directly. There are two divisions in the project and the investment in the 1st phase for both the divisions is Rs.425 Crore and 2nd phase Rs.520 Crore and requested to provide the following:

- (i) The modalities for land allotment be initiated based on the price of Rs.22.00 lakhs (Rupees twenty two lakhs only) per acre offered to them initially.
- (ii) Clarification on whether the buffer zone and triangular un-usable plot included in their 100 acres land parcel fall under salable area or not.
- (iii) Clarification on whether capital subsidy will be provided on Plant and Machinery purchase apart from on Infrastructure and building.

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- (iv) To relax the Rs 20 cr. cap on the subsidy and consider a flat percentage of the CAPEX.
- (v) For statutory approvals for establishing heavy industry be granted to them with urgency.
- (vi) APIIC to provide 1 MLD water to BFL from the irrigation canal.
- (vii) APIIC to lay the pipeline, carrying the water from canal to plot, granted was to BFL under GO.MS.NO.118.
- (viii) APIIC to provide sufficient electric load in a phase manner to BFL up to 50 MW.
- (ix) For fixed power cost reimbursement @Rs 1.00 per unit for a period of 5 years from the date of commencement of commercial production.
- (x) Any additional power concessions to be awarded as well.
- (xi) BFL expect to continue their company strategy of expecting high export revenues for their Mambattu plant. The Company has requested for extension of any measures such from GoAP's Automobile and Automobile Components Policy 2015-20 that are on par with Maharashtra Government's provision for a cumulative benefit of around 3.7% benefit for exports.
- (xii) As per G.O.Ms.No. 118 dated 26.08.2016, the company wants to understand if the statement "Parent company should have Majority share" from #4 (v) is to be modified as in the Kalyani Group promoters have cross shareholding in Kalyani Group companies rather than group companies having cross shareholding themselves.
- (xiii) For briefing on the allowed FSI regulations for Industrial Use.
- (xiv) In addition to the external infrastructure benefit of the 4 lane approach road extended to the company under G.O.Ms.No.118 dt 26.08.2016, BFL requests APIIC to provide an access road 20 meters wide connecting south side of the plot within a time period of 6 months from the time of sale deed.
- (xv) 10% subsidy on cost of plant & machinery for specific cleaner production measures limited to 35 lakhs for large enterprises, provided the measures are certified by Andhra Pradesh Pollution Control Board (APPCB).
- (xvi) 25% subsidy for sustainable green measures on total fixed capital investment of the project with a ceiling of Rs 50 crore, which include treatment plants etc.
- (xvii) As the company proposes to lay the foundation stone in the month of November 2017, the company while furnishing the tax details assuming 10% sales in AP, 30% outside AP and 60% exports, requested for revised tax incentive package in line with GST policy.

(3) In the reference 3rd read above, the State Investment Promotion Committee directed the Industries & Commerce Department to place the proposals related to reconsideration of incentives already approved by State Investment Promotion Board directly to SIPB.

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4) In the references 4th & 5th read above, the State Investment Promotion Board (SIPB) discussed the proposal in detail and decided to extend the following incentives to M/s Bharat Forge Limited in addition to the incentives already granted to them vide G.O.Ms.No.118, dated 26.08.2016:

- (a) Andhra Pradesh Industrial Infrastructure Corporation (APIIC) to allot land @ Rs 22.00 lakhs (Rupees twenty two lakhs only) per acre offered to them initially.
- (b) Power cost is fixed at Rs.4.90 (Four rupees and ninety paise) per unit for a period of five (5) years. The relevant power cost reimbursement (actual power cost per unit– fixed cost [4.90]) will be paid by the Industries Department.
- (c) 50 % (fifty percent) subsidy for sustainable green measures with a ceiling of Rs 50 crore under Industrial Development Policy 2015-20.
- (d) APIIC to issue necessary clarification that the buffer zone and the triangular un-usable plot will not fall under salable area.
- (e) APIIC to provide external infrastructure such as road, power, water upto the doorstep of the industry.
- (f) 100% Gross SGST finally accrued to the State for 20 years or up to realization of 150% of fixed capital investment in line with the tax incentive already granted in G.O.Ms.No.118 Industries and Commerce (P&I) Department dated 26.08.2016.

(5) Government after careful consideration of the recommendations of the State Investment Promotion Board hereby decided to extend the following incentives to M/s Bharat Forge Limited in addition to the incentives already granted to them vide G.O.Ms.No.118, dated 26.08.2016:

- (a) APIIC to allot land @ Rs 22 lakhs per acre offered to them initially.
- (b) Power cost is fixed at Rs.4.90 per unit for a period of 5 years. The relevant power cost reimbursement (actual power cost per unit– fixed cost [4.90]) will be paid by the Industries Department.
- (c) 50 % subsidy for sustainable green measures with a ceiling of Rs 50 crore under IDP 2015-20 Policy.
- (d) APIIC to issue necessary clarification that the buffer zone and the triangular un-usable plot will not fall under salable area.
- (e) APIIC to provide external infrastructure such as road, power, water upto the doorstep of the industry.
- (f) 100% Gross SGST finally accrued to the State for 20 years or up to realization of 150% of fixed capital investment in line with the tax incentive already granted in G.O.Ms.No.118 Industries and Commerce (P&I) Department dated 26.08.2016.

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6) The Commissioner of Industries, Andhra Pradesh, Vijayawada and VC & MD, APIIC, Vijayawada shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To

The Commissioner of Industries, Andhra Pradesh, Vijayawada.

M/s. Bharat Forge Limited through the Commissioner of Industries, Andhra Pradesh.

The Vice Chairman & Managing Director, APIIC, Vijayawada.

Copy to

The PR& RD (PR) Department.

The MA& UD Department.

The Energy, I&I Department.

The Finance (FMU- REV-IC) Department.

The Revenue (CT) Department.

The Revenue (Registration) Department.

The Law(H) Department.

The Collector& District Magistrate, Nellore District.

The General Manager, District Industries Centre, Nellore District.

The Zonal Manager, APIIC, Nellore Dist.

The Accountant General, Andhra Pradesh.

The Commissioner of Commercial Taxes, Govt. of A.P. Vijayawada.

P.S. to Secretary to Chief Minister

PS to Minister, Industries

P.S. to Chief Secretary to Government

P.S. to Secretary to Government & CIP, Industries & Commerce Dept.

SC/SF.

//FORWARDED BY ORDER//

SECTION OFFICER